



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: August 3, 2017

Re: **Rocky Mountain Power's Semi-Annual Demand-Side Management (DSM)
Forecast Report pursuant to Commission order in Docket No. 09-035-T08**

Docket No. 17-035-41

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Utah Public Service Commission (Commission) acknowledge the Utah DSM tariff rider balancing account analysis filed by Rocky Mountain Power (Company) as being in compliance with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation.

ISSUE

In Compliance with the Commission Order of August 25, 2009 and April 20, 2016 in Docket No. 09-035-T08, on July 3, 2017 the Company filed the Utah DSM tariff rider balancing account analysis. On July 3, 2017 the Commission issued an Action Request to the Division to review the application and make recommendations on the Company's filing by August 2, 2017. On July 5, 2017 the Commission issued a Notice of Filing and Comment Period providing interested parties the opportunity to submit comments by August 4, 2017 with reply comments due August 21, 2017. This memorandum is in response to the Commission's Action Request.

DISCUSSION

On August 25, 2009, the Commission issued an Order approving the Phase I Stipulation in Docket No. 09-035-T08. The Phase I Stipulation required the Company to file semi-annually an analysis of the balancing account similar to that provided by the Company in Advice No. 09-08. The Company filed the Utah Semi-Annual DSM Forecast Report on July 3, 2017¹ in compliance with the Commission's order in Docket 16-035-30 moving the filing of the semi-annual report date to July 1 of each year. The Utah Semi-Annual DSM Forecast Report balancing account analysis includes the 2017 and 2018² forecast years. The Division has reviewed the filing and concludes that the Company's Utah DSM tariff rider balancing account analysis complies with the Commission Order of August 25, 2009.

On December 22, 2016, the Commission approved the Company's request to decrease the Schedule 193 DSM Surcharge from 4.0 percent to 3.68 percent effective January 1, 2017.³ The Company anticipated a reduced collection of approximately \$6.3 million annually with the lower surcharge. Also, on January 1, 2016, STEP Legislation went into effect modifying the carrying charge rate from the average of the annual Aaa and Baa corporate bond interest rate to the pretax weighted average cost of capital approved in the most recent general rate case.⁴ As directed in STEP Legislation, the carrying charge rate will remain at 10.65%⁵ until the next general rate case.

According to the Semi-Annual DSM Report, the balancing account was over-collected by \$4.4 million on December 31, 2016. At May 31, 2017, the account is over-collected by \$12.0 million. The forecast shows an expected over-collection in the amount of \$17.0 million by December 31, 2017 and \$28.9 million by December 31, 2018. The collection amount is in line with the Company's projections from the surcharge rate adjustment noted above, but DSM 2017 actual and forecasted expenditures of \$57.1 million are well below the Company's November 1, 2016,

¹ July 1, 2017 was a Saturday.

² 2018 Forecast used from a draft version, not yet finalized.

³ Rocky Mountain Power's Proposed Revisions to Electric Service Schedule 193, Demand Side Management Cost Adjustment, Docket No. 16-035-T15.

⁴ Utah Code Annotated 54-7-12.8(2)(b)(iii)

⁵ Rocky Mountain Power General Rate Case, Docket No. 13-035-184, Settlement Stipulation June 25, 2014.

DSM expense forecast in the amount of \$70.5 million. On July 14, 2017, in Docket No. 17-035-T10, the Company filed to suspend Schedule 193 beginning August 1, 2017 in order to reduce the over-collected balance. On July 28, 2017, the Commission approved the tariff suspension. The Company anticipates reinstating the surcharge by December 1, 2017.

CONCLUSION

Based on its review of the Company's filing, the Division concludes that the Company's Utah DSM tariff rider balancing account analysis complies with the Commission Order of August 25, 2009 in Docket No. 09-035-T08 approving the Phase I stipulation. The Division recommends acknowledgement of the filing.

CC Michael Snow, Rocky Mountain Power
Bill Comeau, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List